



## Irish Life Weekly Investment Bulletin

The week that was – WEEK 42 2018 (ending 19/10/2018)

**“You can't wait for inspiration. You have to go after it with a club.” – Jack London**

**Irish exports increase 20% y-o-y in August with imports up 18%** – Latest figures from the Central Statistics Office show value of goods exported for August 2018 showed an increase of 20% when compared with August 2017 and imports increased 18%. Exports to Great Britain fell by 5% compared to August 2017.

**Irish Government debt falls to 68.4% of GDP in 2017** – The CSO reported in their Annual Government Finance Statistics that government gross debt stood at 68.4% of GDP in 2017 compared to 73.4% of GDP in 2016. Revenue increased by 3.9%, with a 5.3% rise in the tax take and a 5% uptick in social contributions.

**Global stock market flat on the week** – The MSCI AC World TR Index showed a 0.01% return from 12th October to 19th October as China's economy slowed in Quarter 3 and the Brexit negotiations ‘can’ was kicked down the road. The Vix (CBOE Volatility Index) closed the week at 19.89, reducing from 21.31 on 12<sup>th</sup> Oct.

**Brexit summit underwhelms with no negotiations breakthrough** – The EU27 and the UK have for now failed to resolve the ‘Irish border backstop’ challenge at their summit in Brussels, with both sides deciding that not enough progress has been made to go ahead with another previously planned summit in November.

**China's growth slows to 6.5% in Q3** – The world's second-largest economy grew 6.5% year-on-year in the third quarter according to the National Bureau of Statistics, compared to 6.7% in Q2 and the lowest rate of growth since the 1<sup>st</sup> quarter of 2009 during the global financial crisis. Weakening domestic demand is blamed.

**Moody's downgrade Italian debt to one notch above ‘junk’ status** – The ratings agency downgraded the country's debt to Baa3, its lowest investment grade, over concerns about its budget deficits. The European Affairs Commissioner Pierre Moscovici said the budget was in "serious non-compliance" with EU law.

**The Story of the week:** Canada legalised marijuana on Wednesday, but the really interesting bit is that this was predicted with uncanny accuracy in a ‘The Simpsons’ episode in 2005, in a story titled – ‘Midnight Rx’ - which had the Simpson family travel over the border following an increase in the price of prescription drugs in the U.S. One of the characters in the story, Canadian Ned tells Ned Flanders as he offers him a smoke – "You see", he says: "It's legal here". Of course ‘The Simpsons’ also predicted Donald Trump's election in a 2000 episode - ‘Bart to the Future’.

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# Index Performances and Market Data\*

<b>Equity and Bond Markets % (in Local Currency)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD (to 19/10)</b>
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	0.2
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-12.2
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	-5.0
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	-6.1
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	5.1
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	7.9
Nikkei 225	56.7	7.1	9.1	0.4	19.1	-1.0
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-11.4
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	-1.1
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
U.S.	3.0	2.2	2.2	2.4	2.4	3.2
German	1.9	0.5	0.6	0.2	0.4	0.4
UK	3.0	1.9	1.9	1.2	1.2	1.6
Japan	0.7	0.3	0.2	0.0	0.0	0.2
Ireland	3.4	1.3	1.1	0.7	0.7	1.0
Italy	4.1	2.1	1.6	1.8	2.0	3.5
Greece	8.2	9.6	7.9	7.1	4.1	4.3
Portugal	6.1	2.7	2.5	3.8	1.9	2.0
Spain	4.1	1.6	1.7	1.4	1.6	1.7
<b>Central Bank Rates (%)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.75
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	2.25
<b>Foreign Exchange Rates</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.15
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.88
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.31
<b>IPD All Property Return % (in Local Currency)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
Ireland	12.3	36.1	25.1	12.6	8.1%	5.5% (To end of Q2)
U.K.	10.9	17.9	13.3	3.6	10.3%	3.7% (To end of Q2)
U.S.	11.6	11.5	12.5	7.7	7.1%	3.7% (To end of Q2)

\*Past performance is not a reliable guide to future performance and may fall as well as rise.